of India Limited; and (ii) Oriental Insurance Company Ltd. and National Insurance Company Ltd.

MOTION FOR ELECTION TO THE TEA BOARD

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (DR. RAMAN): Sir. I move the following Motion:--

> That in pursuance of clause (f) of sub-section (3) of Section 4 of the Tea Act, 1953 (29 of 1953) read with clause (b) of sub-rule (1) of Rule 4 and sub-rule (2) of Rule 5 of the Tea Rules, 1954, this House do proceed to elect in such manner as the Chairman may direct, one member from among the members of the House to be a member of the Tea Board in the vacancy caused by the resignation of Shri Md. Salim from the membership of Rajya Sabha.

Tne Question was put and motion was adopted.

MOTION FOR ELECTION TO THE TOBACCO BOARD

DR. RAMAN : Sir, I move the following Motion:-That in pursuance of clause (b) of Sub-section 4 of Section 4 of the Tobacco Board Act. 1975 (IV of 1975). read with Rule 4(1) of the Tobacco Board Rules, 1976. this House do proceed to elect, in such manner as the Chairman may direct, one Member from among the Members of the House to serve as a Member of the Tobacco Board constituted under the said Act.

The Question was put and motion was adopted.

SHORT DURATION DISCUSSION

Working of UTI with special reference to freeze on sale and repurchase of US-64

श्री अनन्तराय देवशंकर दवे (**गुजरात**) : सभापति महोदय, मैं आपकी अनुमति से एक ही

मिनट बोल रहा हूं। एन.डी.ए. सरकार के प्रधानमंत्री और वित्त मंत्री ने आज इस हाऊस में कच्छ की जनता के लिए जो भुकम्प पीड़ित जनता है उनके लिए जो नोटिफिकेशन ले किया है, उसके लिए कच्छ की जनता की ओर से मैं गवर्नमेंट को, वित्त मंत्री को और प्रधानमंत्री जी को बधाई देता हूं।

श्री सुरेश पचौरी (मध्य प्रदेश): यू.टी.आई. के लिए भी बधाई दे दीजिए।...(**व्यवधान**)...

श्री संघ प्रिय गौतम (उत्तरांचल): वह आप दे देंगे।...(**व्यवधान**)... आपका नम्बर आयेगा।...(**व्यवधान**)...

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): Mr. Chairman, Sir, exactly a week ago, this House took up the issue of UTI and the alleged failure of the Government to anticipate and control the situation in the form of Short Duration Discussion. About 21 hon. Members of this House spoke; and this discussion took six hours. That is the information that I have before me. Throughout this debate not only much has been said, but -- what shall I say -- a vicious kind of tongue-lashing has been unleashed against me. Throughout these six hours I might have squirmed in my seat but I never rose to interrupt any hon. Member while he was speaking. I hope this House will show me the same courtesy while I am speaking.

SHRI NILOTPAL BASU (West Bengal) : It depends on What you speak.

SHRI YASHWANT SINHA: It doesn't depend on what you say? ...*(Interruptions)... You* said a lot; and I did not rise. ...*(Interruptions)*...

SHRI NILOTPAL BASU: The Government is accountable to this House .... *(Interruptions)*...

श्री यशवंत सिन्हा: अभी से शुरू हो गया।...(**व्यवधान**)...

SHRI T.N. CHATURVEDI (Uttar Pradesh) : He is expecting the same courtesy from you.

SHRI NILOTPAL BASU: The way he has started his reply ..(interruptions)...

श्री संघ प्रिय गौतम (उत्तरांचल): आप सुन लीजिए क्या बीमारी है आपको?...(**व्यवधान**)...

SHRI DIPANKAR MUKHERJEE (West Bengal) : He has not done any mercy to this House.

श्री संघ प्रिय गौतम: पहले सुन तो लीजिए।...(**व्यवधान**)...

SHRI YASHWANT SINHA: As I go along in my reply. I shall try to deal with various points which have been raised by the hon. Members in this House. But I would like to begin by putting forth certain facts in proper perspective with regard to the UTI and with regard to the US-64 Scheme. The first and the most important issue -- because this is something which has been raised in this House and outside -- is the issue of what happened to the money of the US-64 Scheme. A general impression has been created as if this money had vanished somewhere and that some people have pocketed this money and that it was not available. Let me hasten to add that what actually has happened was that the value of the stocks held under US-64 Scheme has declined. So. the overall value of the fund has declined. It still has a corpus. It still has a value. As we go along, I am quite sure, it will achieve the levels which it had before the 30th June this year.

We have, that is, the UTI has, come out with a redemption scheme which will be operational from tomorrow. And we have said that the Government stands fully behind the UTI. as far as the redemption or even a better redemption in future is concerned. So, nothing has happened to the corpus. It is not that somebody has walked away with it. It is only that its value has declined because its value is subject to the fluctuations of the stock market. Now, why is it subject to the fluctuations of the stock market, Sir? It is subject to the fluctuations of the stock market because, over a period of time, this fund, the US-64, became largely an equity fund. What is the nature of this US-64? It is not an assured-income scheme. But it is a regular income scheme. There are three features which distinguish this scheme.

The first is, people who invest in the units of US-64 make capital gains. They purchase at a price and sell at a price which is higher. Secondly, they receive annual dividend from the UTI. And thirdly, it provides liquidity. It is almost like cash because, if you are holding units, you can go to the UTI offices, tender your units and get money for it. So, liquidity is a very, very important feature of this particular scheme. When the UTI announced the freeze on the 2nd of July, it is this part which suffered a major set back, namely, the liquidity of the scheme was supposed to be restricted for a period of six months, which the investors did not like, and a situation arose which we are now trying to correct.

SHRI NILOTPAL BASU: Sir, if the Minister yields.

SHRI YASHWANT SINHA: I will not yield.

SHRI NILOTPAL BASU: He must explain to the House. ...*(Interruptions)*...

MR. CHAIRMAN: The Minister has not yielded. ...*(Interruptions)*...

SHRI NILOTPAL BASU : ...whether he knew what was going to come because he has gone public saying, "I do not know". He has to explain whether he knew or not. ...*(Interruptions)*...

SHRI KAPIL SIBAL (Bihar) : We want the Finance Minister to explain as to *how*...*(Interruptions)*...

MR. CHAIRMAN: Only Minister. Nothing will go on record except the Minister's speech. ...*(Interruptions)*...

SHRI YASHWANT SINHA: Let me assure the House, let me assure the hon. Members of the House, that I shall reply to each and every important point which has been raised in this House. I am not going to avoid any point. ...*(Interruptions)*...

MR. CHAIRMAN: Only the Minister and none else will go on record. ...*(Interruptions)*...

SHRI YASHWANT SINHA: When this change of character of the US-64 took place, some of the hon. Members in this House have pointed out this. I would like to recount some of the facts before this hon. House.

Sir, in 1991-92, 28 per cent of the total US-64 Fund was invested in equity. The balance was invested in other instruments, and before 1991, and subsequently also, it continued to be a regular income scheme, only on the strength of investment in non-equities, in other financial instruments, and not in equity. What happened between 1991-96? In 1991-92, as I said, Sir, the equity was 28 per cent. In 1992-93, it went up to 34 per cent; in 1993-94, it went up to 40 per cent; in 1994-95, it went up to 51 per cent; and in 1995-96, it went up to 66 per cent. In terms of actual value of the money invested in equities, the amount increased from Rs. 2905 crores in 1991-92 to Rs. 13,440 crores in 1995-96. In 1997-98, the total value of the equity investment of this Fund was 70 per cent, that is, an amount of Rs. 13,646 crores. This Fund did not remain a really balanced Fund. It became a largely equity-oriented Fund, dependent on the fluctuations of the stock market, entirely dependent on the fluctuations of the stock market. ...*(Interruptions)*...

MR. CHAIRMAN: Nothing, except the speech of the Finance Minister, will go on record. ...*(Interruptions)*...

SHRI YASHWANT SINHA: Sir, as far as the hon. Member, Shri Kapil Sibal, is concerned, I can understand his anxiety. He knows, and I am perhaps sharing a secret with this House, that I have very fraternal feelings towards him, and he knows the reasons why I have those fraternal feelings towards him. When he was speaking in this House, Sir, I was wondering why he was saying all those things. Then I realised, and I compared it with the speech which the hon. Leader of the Opposition had made, and I found that the only comparison could be between the sublime and the ridiculous. I wondered to myself why he said all those things, and then I realised that he said all those things because, his brief was not from the party to which he belonged. His brief was from Patna. ...*(Interruptions)*...

SHRI GHULAM NABI AZAD (Jammu and Kashmir) : Sir, we strongly object to the remarks made by him. He has to withdraw these words. It is a very serious allegation. ...*(Interruptions)*...

MR. CHAIRMAN: Please sit down. I think, the hon. Minister should not have used these words. ...*(Interruptions)*...That is finished. I have already told him. ...*(Interruptions)*...

SHRI SURESH PACHOURI: It should be expunged from the records, Sir. ...*(Interruptions)*...

MR. CHAIRMAN: I have already made my comment. ...*(Interruptions)*... Let me tell you... (Interruptions)... I have told, he should not have used these words. Expunction can be done when it is unparliamentary.

SHRI KAPIL SIBAL: It is ridiculous.

MR. CHAIRMAN: It may be ridiculous, but it is not unparliamentary. ...*(Interruptions)*...

THE LEADER OF THE OPPOSITION (DR. MANMOHAN SINGH): Sir, I feel that, regardless of whether a particular sentence is unparliamentary or not, as you have said, those words should not have been uttered by the hon. Finance Minister. I would request the hon. Finance Minister to be good enough to withdraw those words.

SHRI YASHWANT SINHA: Sir, in deference to what you have said from this august Chair, I withdraw those words. ...*(Interruptions)*...

Sir, I was talking about the change in the character of the Scheme between 1991 and 1996. I would also like to say that this change came because large equity investments were made. According to the information, which has been supplied to me by the UTI, during this period, an amount of Rs.4,722 crores was invested by the UTI in the public sector undertaking shares. You are aware, Sir, that, during this period, the disinvestment of PSU stocks started, and various lots of PSU shares were being sold in the market here. This was the time when the UTI acquired this Rs.4,722 crores worth of equity of the public sector in the US-64. According to my information, the total amount of public sector equity bought by the Unit Trust of India amounted to Rs.6,202 crores. It was over Rs.6,000 crores. Now, much has been made here in this House, in the media, about the bailout of 1998 and the utilisation of tax-payers' money for this bail-out. An amount of Rs.3,300 crores has been mentioned. Sir, I will hasten to explain that Rs.3,300 crores was equity shares of PSUs, which was still in the hands of the UTI in 1998, and when we looked at the balance sheet of US-64, we were told by the UTI in 1998 that the value of the shares at that point of time had come down from Rs.3,300 crores to only Rs. 1,500 crores or thereabout. Today, I am told it has declined further in the present market conditions. ...*(Interruptions)*...

MR. CHAIRMAN: Mr. Basu, please don't interrupt him. Let him complete.

SHRI YASHWANT SINHA: On the question of tax-payers' money being used, if I were to reverse the argument, then I say that the unit holders of US-64 suffered loss in value because the Unit Trust of India held PSU shares. Under what circumstances they bought it is the subject-matter of an inquiry. So, I will not venture an opinion on them today, but the point I am making is, the tax-payers money was invested in PSUs. These PSU stocks were made available to the UTI. The US-64 suffered loss of revenue because of these PSU shares.

The only thing which the Government did was the repurchase of these PSU shares from the US-64 of the UTI so that the unit-holders did not suffer this loss of value. All this might go up. I don't know. I cannot predict the market. May be, this Rs. 1,400 crores, whatever is the present value, will go up in future and there may be no loss. That is why we issued to the UTI, in 1998, Rs.3,300 crores worth of Five Year Bonds. They will hold them for five years and we will see at the end of it where we are. So, all this Rs.3,300 crores is not gone to supplement the income of the US-64. This is the first clarification which I would like to make.

It was mentioned that I was a Member of the last JPC. Yes, I was a Member. What were the findings? One of the most important findings of the last JPC was that you could not have an assured income or a regular income scheme, if you base your scheme on equities, because the stock market goes up and down; and you can never be sure of your returns, if you have invested in equities. That was one of the signal findings, most important findings, of the last JPC. The Report was submitted in 1993. I told you, Sir, how the funds were invested in the period subsequent to 1993, and I will not be wrong in saying that the UTI did not give heed to this warning of the JPC and kept on investing the US-64 funds in equities. This was not all. There was the desire on the part of the UTI in those days to give high returns. How were the high returns given? What were the dividends which were given? ...*(Interruptions)*...

SHRI NILOTPAL BASU: But it has to be explained. We have discussed it in 1998. ...*(Interruptions)*... He denied it. ...*(Interruptions)*...

MR. CHAIRMAN: Please, no. ...*(Interruptions)*... Nothing will go on record. ...*(Interruptions)*... Nothing will go on record. ...*(Interruptions)*... Nothing will go on record except the Minister's reply. ...*(Interruptions)*... Nothing will go on record. ...*(Interruptions)*... He has not completed his speech. ...*(Interruptions)*... He has not completed his speech. ...*(Interruptions)*... Let him complete his speech. ...*(Interruptions)*...

SHRI YASHWANT SINHA: In 1992-93, the dividend was ...*(Interruptions)*...

MR. CHAIRMAN: Nothing will go on record. ...*(Interruptions)*... Nothing will go on record except the Minister's reply. ...*(Interruptions)*...

SHRI YASHWANT SINHA: Sir, for three years running.... ...*(Interruptions)*...

MR. CHAIRMAN: Nothing will go on record except the Minister's reply. ...*(Interruptions)*... No. Nothing will go on record. ...*(Interruptions)*...

SHRI YASHWANT SINHA: Sir, for three years, between 1992-93 and 1994-95.....*(Interruptions)*...

MR. CHAIRMAN: Nothing will go on record except the Minister's reply.... *(Interruptions)*...

SHRI YASHWANT SINHA:..the rate of dividend was 26 per cent. ...*(Interruptions)*...

MR. CHAIRMAN: Switch off the cameras. ...*(interruptions)*.... It will not be covered by the cameras. ...*(Interruptions)*...

श्री सुरेश पचौरी: सर, मेरा एक व्यवस्था का प्रश्न है।...(**व्यवधान**)...

श्री सभापति: पहले हाऊस में व्यवस्था हो जाए फिर व्यवस्था का प्रश्न होगा।...(**व्यवधान**)... The House is adjourned for ten minutes.

The House then adjourned at thirty-eight minutes past twelve of the clock.

The House reassembled at fifty minutes past twelve of the clock,
THE VICE-CHAIRMAN (SHR! SANTOSH BAGRODIA) in the Chair.

श्री बालकवि बैरागी (मध्य प्रदेश): सर, मुझे आपसे एक निवेदन करना है। प्रेस में अभी ताजा यह समाचार है कि कल प्रधान मंत्री महोदय, ''मैं देश को नहीं चला सकता'' यह कहकर इस्तीफा देने की कोशिश की।...(**व्यवधान**)... सिर्फ प्रमोद महाजन का...(**व्यवधान**)...

विधि, न्याय और कम्पनी कार्य मंत्री (श्री अरुण जेटली): यह गलत है।...(**व्यवधान**)...

श्री एस.एस. अहलुवालिया (**झारखंड**) : यह कहकर देश में अराजकता फैलाने की कोशिश की जा रही है।...(**व्यवधान**)... यह देश में अस्थिरता लाने की कोशिश है।...(**व्यवधान**)...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): The House is adjourned till 2 O'clock.

The House then adjourned for lunch at fifty-two minutes past Twelve of the clock.

The House met at three minute 1st two *cS* the clock,
[MR, CHAIRMAN *in* the Chavi

श्री सुरेश पचौरी: सभापति महोदय, मेरा व्यवस्था का प्रश्न है।...(**व्यवधान**)...

DR. ALLADI P. RAJKUMAR (Andhra Pradesh): Sir, we want to hear the reply of the Finance Minister. ...*(Interruptions)*... Sir, you take the sense of the House. ...*(Interruptions)*...

SHRI S. VIDUTHALAI VIRUMBI (Tamil Nadu) : Let the Finance Minister complete his reply. ...*(Interruptions)*...

श्री सुरेश पचौरी: महोदय, जब कभी भी सदन में व्यवस्था का प्रश्न उठा है, हमेशा उसको आज्ञा प्रदान की गयी है। मुझे आपका संरक्षण चाहिए।...(**व्यवधान**)... मान्यवर, मेरा व्यवस्था का प्रश्न है।...(**व्यवधान**)...